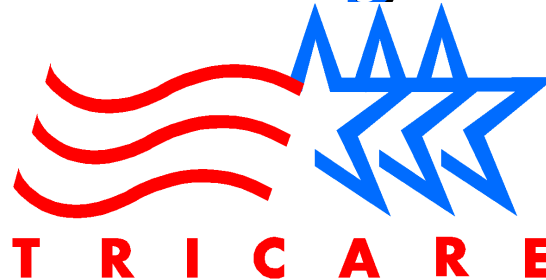


Regional Product Standardization

Pacific Region 12



Background

- **Regional efforts began independently in some Regional Medical Commands and TRICARE Regions**
- **OSD(HA) Policy to implement regional logistics programs under TRICARE Lead Agents..... Army is Executive Agent**
- **SGs have approved implementation along TRICARE regions**
 - **Detailed implementation guidance (updated)**
 - **Initial focus on regional standardization & committed volume purchasing**

Key Objectives

- Establish regional Tri-Service Business Support Offices
- Establish regional standardization of materiel
- Establish regional committed volume purchasing strategies
- Promote the development of best clinical practices
- Increase use of Prime Vendor & other electronic means
- Promote knowledge sharing among DOD TRICARE Regions
- Promote centralized contracting for logistics services
- Establish the regional standardization of equipment
- Regional coordination of biomedical maintenance services
- Develop an info sys to support regional business processes

Benefits of Standardization

- Availability and use of most appropriate products
- Reduction in prices
- Reduction in the amount of waste and excess
- Reduction in the variety of similar items
- Improved supply responsiveness
- Development of usage data for Utilization Management
- Reduced consumption through Utilization Management
- Intangible benefits resulting from logistics and clinical collaboration

Basic

Principles

- ~~Vendor must~~ have a PV Distribution and Pricing Agreement (DAPA)
- Must allow all interested DAPA holders to participate
- Only clinically acceptable products will be asked for price bids
- PRICES are NOT the sole determining factor
- All decisions can be supported

Region 12 - How are we doing it?

- 11 facilities (9 AF, 5 Navy, 4 Army)
- TPRB – Chaired by Region 12 RLC
- Each MTF represented by a Clinician and a Logistician
- Biggest Player: Tripler AMC
- Lead Agent - Very supportive
- Prime Vendor: Allegiance

Product Standardization - The Process

- Triservice Business Office (TRBO) recommends products to standardize - Pareto Analysis
 - 80% of our \$\$ are spent on which 20% of materiel?
- Get a Clinical Product Team(CPT)/Leader(s)
 - Committed & Goal oriented to coordinate formulation of criteria & evaluation.
- Notify “all” DAPA holders
- Identify trial sites and dates
- Conduct clinical eval (Prices not discussed)

Product Standardization

Process

- Select “acceptable” items based on evals
- TRBO notifies “acceptables” for price bids
- RLCs review best pricing
- If “highest ranked” is “lowest price” - a decision could be made
- If not... “best value” recommendation
 - Price vs Quality
 - CPT ranking - hidden costs?
- TPRB reviews & approves recommendation

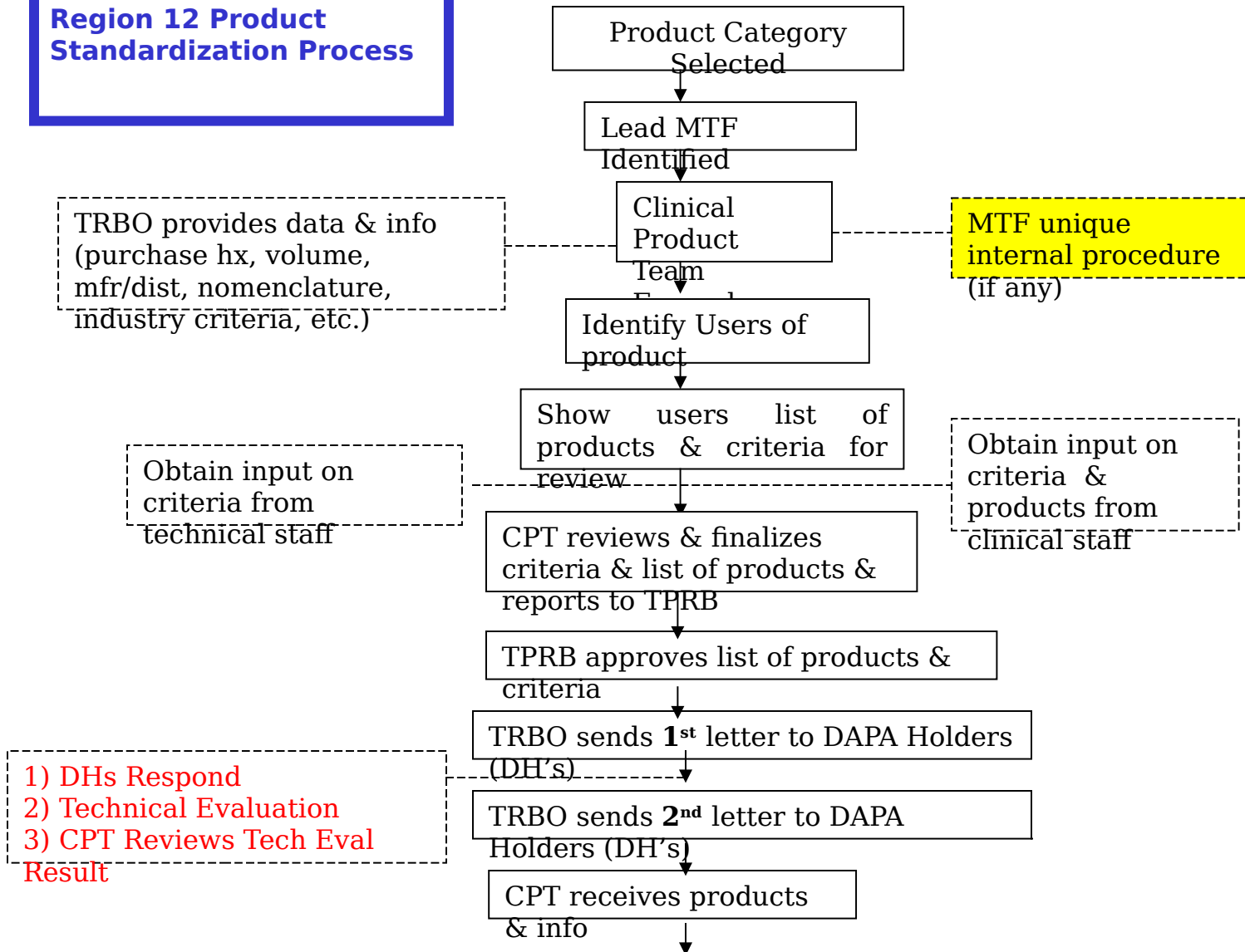
Product Standardization Process

- “Winner” & non-selectees are notified
- RLCs sign agreement (RIA)
- Lead Agents notify MTFs of standardization decisions
- PVs are notified of standardized products
- UDR updated to reflect regional pricing
- Vendor assists MTFs in conversion & implementation
- TRBO tracks usage/monitors compliance

Region 12 Process

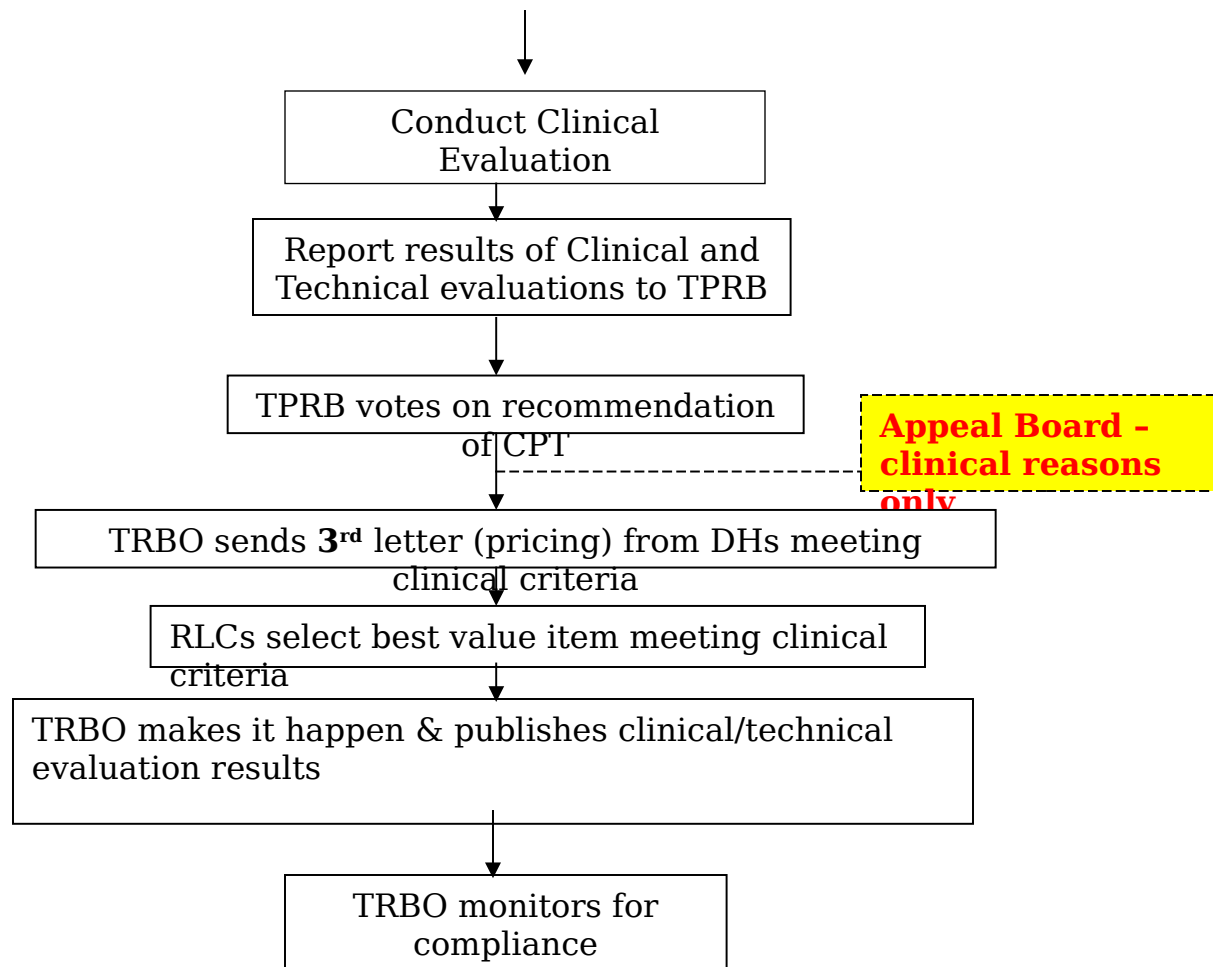
Flow

Region 12 Product Standardization Process

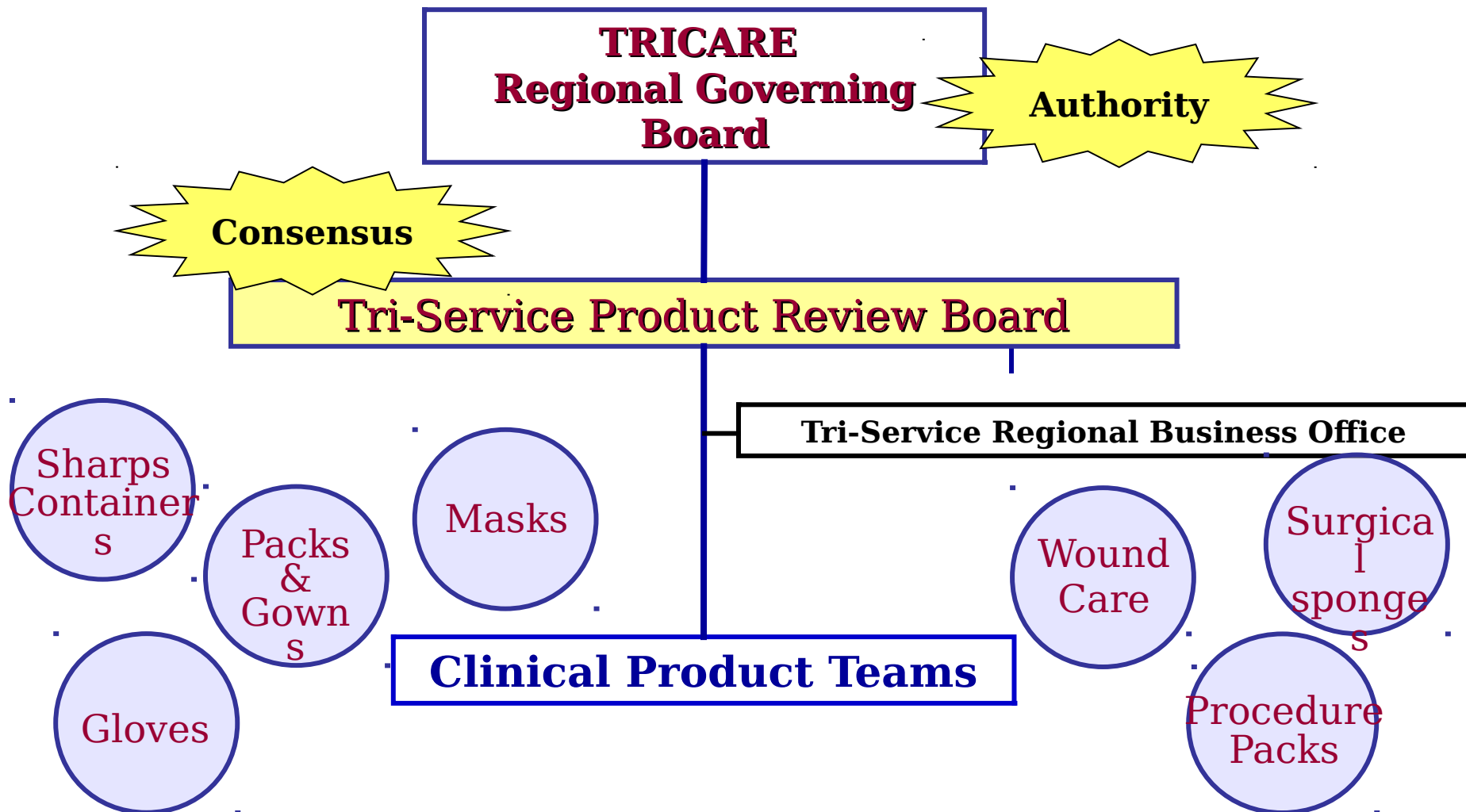


Region 12 Process Flow

(Cont)



Organization for Regional Standardization



Why Prime **Vendor?**

- 24 Hour Delivery
- Reduce manpower (buyers, handlers, etc.)
- Reduce warehouse/store room storage requirements
- Better price
- Less paper work (no PO's, auth.returns)
- Eliminate wastes of shelf-life items
- Standardized products

Potential

Pitfalls

Participation or non involvement of clinicians

- Perceived erosion of independence for MTF Commanders
- Fragmented processes:
logistics clinical acquisition
- Requires investment - people, time, \$
- Real savings will require Utilization Mgmt
- Too slow in showing hard dollar savings

Keys for Success?

- Cooperation among services
- Committed leadership
- Accept results from other regions/MTFs
- Utilization Management
- Pricing & Purchasing Management
- Commitment to use “standardized” item

Other Regional Logistics Strategies

- Regional/National contracts
- Regional Partnerships - Clinical Eng'g & Biomedical Maintenance
- Consolidation of contract maintenance services
- Equipment standardization
- Regional Consolidation of Support Services (linen, housekeeping, laundry, etc..)
- Standardization of “other” items

Accountability and Reporting

- ~~RLC~~ Reports to RLC & DSCP
- RLC report to Lead Agents
- Lead Agents submit reports to DoD Executive Agent (MEDCOM)
- **Metrics** needed to track progress
 - **Organization**
 - **Progress on Product Lines**
 - **Savings**
 - **Baseline data**
 - **Compliance**
 - **Issues and Ideas**